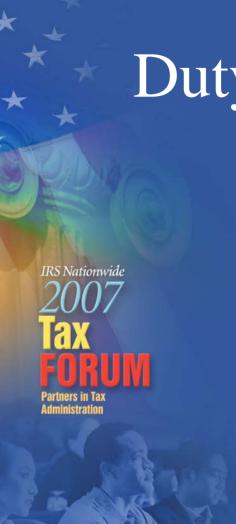




OPR Update

- New Director, Michael Chesman
- Special Enrollment Exam
 - Same day results
 - Extremely positive feedback
- Monetary Penalties
- Other Developments



Duty of the Tax Professional

- Duty to Yourself
- •Duty to the System of Tax Administration
- Duty to your Client

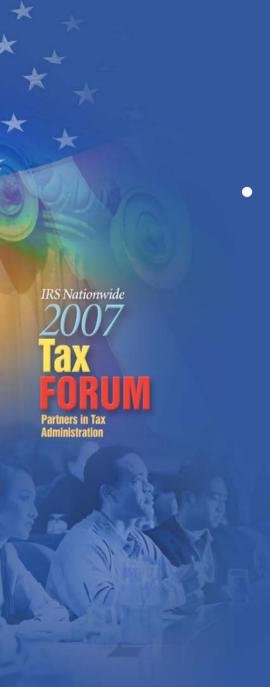
Tax Professionals "should be the pillars of our system of taxation, not the architects of its circumvention." - Mark Everson, March 18, 2003



• At the end of March, the client drops off materials for you to prepare the current year tax return. Upon review of the prior year tax return, you discover a major error. You prepare an amended prior year and a current year tax return. Because of the time involved, you file for an extension and deliver the returns in May. Upon receipt of the bill, the client complains to OPR about your fees for the prior year tax return.



• Client, having returned from a vacation abroad, arrives at your office in a new, luxury car. In meeting with the client to prepare the tax return, you learn the client is married, has 3 children, has \$30,000 of wage income and \$18,000 of mortgage interest. When you ask about charitable contributions, the client says "About the same as last year. What did I put last year, about \$8,000?"



• You are representing a client in an audit. In several IDRs, the Revenue Agent has requested a specific document. Your client has said, "The document does not exist." "The document was lost in the move." "I cannot find the document." Now, near the end of the audit, the client suspiciously "finds" the document. It is in pristine condition. What do you do?



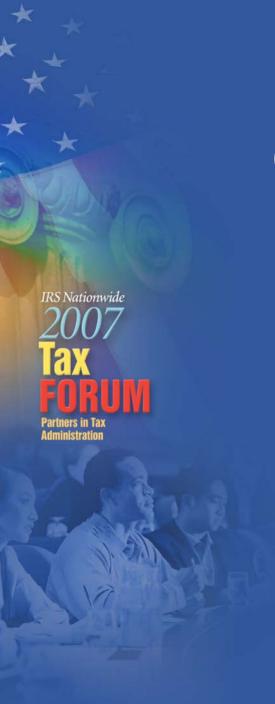
• Your company (but not you) prepared the prior year tax return now being audited. You are representing the client during the audit. When the client was interviewed, the client said he had no other income. After the interview, you learn that the client did have significant other income. You also learn that the tax preparer knew of this income but did not put it on the tax return.



• You prepare the client's current year tax return. It shows a sizable amount owed. The client is not happy and shows you a book with ideas on how to reduce his taxes. When you review the book, it reminds you of the IRS "Dirty Dozen" tax scams. Client wants you to "fix" his tax return and amend last year's tax return too. Client asks about the chances the IRS will audit him.



• Tax professional does a lot of tax and accounting work for 501(c)(3) charities. Business has been booming, but the charities are slow in paying. As a result of this and the tax professional's office relocating to larger space, the tax professional has fallen behind in filing and paying his Quarterly Employment Taxes (Form 941).



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